



Michigan Department of Education (MDE)- Office of Great Start

Child Development and Care (CDC) Program Eligibility Transition

Statewide Focus Group Results

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INTRODUCTION AND BACKGROUND

While subsidized child care doubles as an invaluable early learning and development opportunity for low-income children in Michigan and a much-needed work support for their parents, funding and policy decisions over the last decade have limited the impact of this vital resource. State expenditures have dropped from a high of over \$490M in 2003 to a low of \$182M in 2011 due to falling caseloads, budget cuts, and lowered eligibility thresholds. Michigan currently has the 2nd lowest income eligibility in the country at 37% of the State Median Income (SMI), compared to the allowable limit of 85% of the SMI, meaning that many parents who are eligible for subsidized care are not receiving it. In addition, provider reimbursement rates are well below the market rate for child care in Michigan and only 18% of licensed and registered providers charge rates in line with the state's reimbursement rate. Finally, the maximum number of hours for which the state will provide subsidy assistance has decreased by more than 40% since 1996.

In an effort to bridge these disparities and align with broader national child care trends and funding opportunities, Executive Order 2011-8, effective August 28, 2011, transferred all authority for the Child Development and Care (CDC) Program, Michigan's child care subsidy program, and Head Start Collaboration Office (HSCO) from the Michigan Department of Human Services (DHS) to the Office of Great Start within the Michigan Department of Education (MDE). This consolidation of early learning and development programs and resources was aimed at maximizing child outcomes, reducing duplication and administrative overhead, and reinvesting resources from efficiencies into quality improvement and service delivery.¹ An MOU signed by DHS and MDE in October 2011 further lays out the responsibilities of each party in the transition of the CDC program. Specifically, assigned functions will be carried out by MDE and DHS in full compliance with Michigan's approved Child Care Development Fund state plan and the statutory and regulatory requirements of the U.S. Department of Health and Human Services.²

As MDE implements the MOU requirements and seeks to transition the CDC program to align with three fundamental values - family-friendly, child-focused and fair to providers - it is essential to conduct a thorough review of the current CDC program. MDE has chosen to accomplish this by gathering feedback from a wide variety of stakeholders who utilize the current system. Soliciting feedback on the strengths and weaknesses of the current system from the parents who receive subsidy, providers who receive state reimbursement, and DHS local office staff who determine eligibility, will help the Office of Great Start identify a more efficient and effective eligibility process.

MDE has conducted eighteen focus groups with parents, providers, advocates, and eligibility workers throughout the state. These focus groups were designed to collect the perspectives and opinions of those in attendance on the strengths and weaknesses of the current application and determination process, and to hear directly from key stakeholders on how to improve the CDC program. The results of these focus groups will inform recommendations for the State Superintendent of Public Instruction on the transition of eligibility for child care assistance to the Office of Great Start.

¹ A Special Message from Governor Rick Snyder: Education Reform, April 27, 2011.

² Addendum to the MOU b/w MDE and DHS for the CDC Program.

METHODOLOGY

In an effort to secure a broad array of stakeholder perspectives for the focus groups, MDE worked with the Early Childhood Investment Corporation's Great Start Collaborative partners and/or Great Start to Quality - Regional Resource Centers to schedule and host eighteen focus groups located in five different regions of the state – Grand Rapids, Lansing, Flint, Gaylord, and Detroit. In addition, participants from Marquette and Roscommon were able to join remotely via secure videoconference. Participants included:

- **Parents/Advocates:** A combination of parents and other community providers/advocates (GSC/RRC). Broadly speaking, this "customer" group spoke about their experience with the application process, access, referrals, etc.
 - 43 total participants
- **Providers:** Child care providers (both licensed and unlicensed) who shared their experiences in terms of the provider application process, billing issues, interaction with the local DHS offices, etc.
 - 60 total participants
- **DHS Local Office Staff/Managers:** DHS local office staff responsible for determining child care eligibility, their managers/supervisors, and Office of Inspector General (OIG) staff stationed in the DHS local offices.
 - 54 total participants

MDE contracted with an independent contractor, Public Consulting Group, Inc., to conduct the focus groups and compile the results. Prior to conducting the focus groups, the Eligibility Stakeholder Group, consisting of representatives from MDE and DHS, had identified four core principles designed to guide the transition, which also served as the major areas of consideration for the focus groups.

- **Convenience.** Families who are applying for CDC subsidies should be able to do so in a location that is convenient to them and accessible via many locations.
- **Accountability.** Subsidy dollars should be used appropriately with minimal errors, ensuring that limited resources are used to support program goals.
- **Timeliness and Efficiency.** Strategies should reduce the time it takes to process an application and determine CDC eligibility.
- **Access to High Quality Options.** Strategies should enable families applying for the subsidy to discuss high quality options for early learning and care, as well as other community resources and supports.

MDE crafted broad research questions based on these principles that then informed discrete focus group questions. In the following sections each research question is presented. Below that question are the compiled responses of all focus groups related to the question.

CORE PRINCIPLE: CONVENIENCE

Research Question 1: Is the current CDC application process convenient for clients and providers?

Responses:

- Nearly all **parents** reported that long application processing times made obtaining child care difficult. In many cases, parents needed to secure child care in order to start a job, and the period of “limbo” between application submission and eligibility determination made planning difficult. Almost all parents reported that it was a hardship to pay out-of-pocket for child care during the application processing window.
- Nearly all **parents** reported difficulty in contacting their case specialist when attempting to find out the status of their case. Some parents reported difficulty during the application process due to the switching of their case specialist. Parents said they were frequently assigned new case specialists during the duration of their benefits, which added another layer of complexity and frustration.
- Most **parents** reported a high level of inconsistency among case specialists in terms of customer service and general responsiveness. Parents said that the quality of their application experience was closely related to the case specialists to whom they were assigned.
- Many **parents** thought they received too many notices about their application/case. These notices appeared to be multiple copies of the same form and caused confusion in the application and recertification process. DHS local office **staff** pointed out that parents oftentimes did not understand that all forms required completion and signature. Some DHS local office **staff** reported that some of the language on the forms was not clear or simple enough, and that some terms were policy language rather than client language.
- Most **parents** reported confusion on which application to use. For example, parents didn’t know whether to use the combined application, the CDC-only application, or online applications.
- **Parents** reported that the application process itself was relatively easy, and did not report major issues in being able to understand eligibility and verification requirements. However, many licensed **providers** said they frequently assisted parents with the CDC eligibility process. Providers reported that parents oftentimes needed assistance in completing the application and submitting the appropriate verifications.

- Many **parents** and **advocates** reported confusion and misunderstanding about the benefits for which clients are eligible. For example, “100 percent reimbursement” led clients to believe they were not responsible for paying any portion of child care costs. Many licensed **providers** said that parents did not understand the child care benefits they were receiving. Providers said they must oftentimes explain benefits to parents.
- Many **parents** found DHS local office wait times frustrating. At least one parent indicated that wait times can even prevent people from applying altogether. Some parents reported that it was important to plan their visit to the local office to ensure adequate time for waiting in line and arriving early enough to be seen. Some **parents** and **advocates** reported that parents needed to make special transportation arrangements to visit a local office.
- Unlicensed child care **providers** reported confusion about application requirements, in terms of what information they needed to supply and why they needed to supply it. Additionally, DHS local office **staff** said that because they cannot report why an unlicensed provider is ineligible, parents have difficulty understanding why their unlicensed provider could not be paid for child care.
- Some unlicensed **providers** did not know they needed to go to provider training, which prevents them from being paid for child care. Additionally, most **staff** indicated that unlicensed providers do not understand that they must take the training before they can become eligible for payment. Staff reported that some unlicensed providers do not understand which training session they should attend.
- Most DHS local office **staff** reported that many providers do not understand that not all clients will be approved and that, until the parents are approved, the parent is the responsible for payment (rather than the CDC program). .
- DHS local office **staff** reported that parents misunderstand that there is a limit to the number of child care hours they can receive, regardless of transportation or overtime. This also includes not understanding that in two-parent families, both incomes and availability to care for child are considered.
- Some **advocates** indicated that as long as CDC is processed along with other benefit programs, it will remain secondary and continue to be viewed as a work support program only.

Research Question 2: What are the most preferred methods (e.g. online, phone, fax, mail, in person) for application?³

Responses:

- All **parents** who participated in the focus groups reported having applied via walk-in application submission. Licensed **providers** thought that most parents currently applied in person.
- **Parents** who participated in the focus groups were split on whether they preferred a walk-in or online application process. Many parents reported they do not want to apply online because they wanted to physically hand their information and/or speak with a person. Parents said that one difficulty in applying for other programs online was that it limited their ability to tell their whole story.
- Many parents also said they would prefer to apply online because it was more convenient. Also, at least one **parent** suggested that text message notification reminders for applying/recertifying would be helpful.
- Licensed **providers** thought that parents, as a group, were generally ready to start applying online. Most DHS local office **staff** agreed that their clients were often young and/or tech-savvy, and that an online application would be beneficial.
- Most unlicensed **providers** submitted their application information through the mail.
- Many local DHS **staff** reported that when there were issues with documentation for the application process, they sent parents a new form in the mail. This was oftentimes problematic because clients tended to change addresses frequently.

Research Question 3: How could the application process be more customer-friendly and convenient (i.e. the process is easy to access and easy to navigate, and clients receive sufficient communication about the status of their benefits)?

Responses:

- Many **parents** reported wanting shorter wait times and faster turnaround times for eligibility determination.
- Many **parents** thought it would be a great improvement if they could obtain real-time status information related to their CDC case. Parents thought that this information would best be accessed online.

³ It should be noted that the online CDC application was not available at the time of these focus groups, but has since been launched (January 2012).

- Some **parents** said they would like to have more consistency when it came to eligibility specialists. Parents said changing contacts was problematic, especially in terms of returning paperwork, and could cause their case to close, making them reapply. At minimum, parents wanted to be informed when their eligibility specialist changed.
- Many DHS local office **staff** recommended CDC consider tiered eligibility requirements that would reduce the gap between eligible and not eligible. Staff reported that parents would often become ineligible due to income change and have to turn down raises or stop working to take care of their child.
- Many DHS local office **staff** recommended that parents receive all necessary forms as part of the application packet in order to streamline the application process.
- Some DHS local office **staff** recommended allowing clients to apply for child care benefits eligibility before they had actually chosen a child care provider. Also, staff recommended an automated notification produced by BRIDGES when both client and provider's are approved as eligible.

CORE PRINCIPLE: ACCOUNTABILITY

Research Question 4: How can a new eligibility process better prevent errors?

Responses:

- Most **parents** reported confusion around which application they should complete. Most DHS local office **staff** agreed that parents need better/more explanation on eligibility requirements and the application process in order to provide information in a timely and accurate manner.
- Some DHS local office **staff** reported feeling that information is missing or incorrect because parents rush to complete applications. Most DHS local office **staff** indicated that clients should receive all necessary forms with the application packet to avoid delay and that forms should be consolidated to prevent parents and providers from missing pieces, especially signatures.
- Some DHS local office **staff** reported not understanding standard CDC application procedures because a limited number of parents apply (in rural areas), because there is limited training and/or emphasis placed on processing CDC eligibility.
- Some DHS local office **staff** pointed to errors that occur within BRIDGES, specifically with regard to documenting the need reason, calculating hours (time block screen), making eligibility determinations and deactivating child care. Most DHS local office **staff** recommended that BRIDGES auto-populate as employment is entered in a different form, preventing manual input errors. One DHS local office **staff** member reported that they have difficulty calculating hours; so instead, they just allot the maximum amount of hours to the

client. This hurts the client in the end if they don't use all hours and child care charges them for it.

- **Providers** indicated that it is difficult to communicate with DHS staff due to confidentiality surrounding their clients. For example, providers indicated that staff will not inform them if a client has been denied child care or if there has been a change in a client's case worker.

CORE PRINCIPLE: TIMELINESS AND EFFICIENCY

Research Question 5: From a business process perspective, what are the strengths and weakness of the current child care eligibility process?

Responses:

- Some **parents** reported that communicating via mail (receiving a form that needs to be filled out) delays the process.
- Many **providers** reported that DHS local office staff appear to be overloaded with work and providers then experience time delays in eligibility and return of phone calls. Providers expressed a desired for a point of contact.
- Some **parents** indicated that the length of the eligibility determination process prevents parents from starting/accepting work. Many **providers** reported that because of this, they will often accept parents during the application period, resulting in lost income due to ineligibility.
- Some DHS local office **staff** reported that parents submit illegible forms and that an online application may speed up processing times. In some locations, **parents** said that transportation becomes an issue when they must travel to the office multiple times to fill out missing, illegible or incorrect documentation.
- DHS local office **staff** indicated that choosing a licensed provider often makes the eligibility determination process quicker for parents.
- Many DHS local office **staff** reported that parents are not notified when an applicant for unlicensed provider is denied (only the provider themselves receive this automatic notification, so the parent is often unaware of the reason for delay).
- Many DHS local office **staff** indicated that navigating BRIDGES is difficult, especially in adjusting the need reason for changes. DHS local office **staff** reported that BRIDGES does not allow caseworkers to leave portions of the year blank when parents may not be employed or have changes in their eligibility. In addition, many DHS local office **staff** agreed time block screen is confusing and that it is difficult to remove providers instead of suspending their activity when recertifying.

- Most DHS local office **staff** reported that the eligibility determination process does not encourage regular and direct communication with clients or providers until they encounter problems with their application. Once a problem has occurred, most DHS local office **staff** report contacting parents or providers via phone. Many DHS local office **staff** reported that most contact with clients and providers during application occurred when there are missing documents and/or when clients and providers had questions regarding denial of provider eligibility.
- Many **parents** and **advocates** want the new eligibility process to not create a burden for parents – key considerations from their vantage point were the application process, the need for travel and timeliness.

Research Question 6: What are the best strategies for decreasing the time it takes to process a client or provider application?

Responses:

- While many **parents** reported wanting the option to apply for child care online, some **parents** and **advocates** expressed that the option to apply in person at a physical location should remain.
- **Providers** and **parents** indicated that the new eligibility process should provide more information to clients and providers so they are better prepared.
- Many **providers** thought a notification of “pre-approval” would be helpful from the new eligibility system. Most **providers** felt this would reduce the risk to the provider in taking the client without official approval.
- Most DHS local office **staff** recognized that the caseworker to client ratio is too large and felt that more staff are needed to make the process more efficient.
- Some DHS local office **staff** indicated that there should be harsher sanctions for providers who commit fraud, thereby reducing the likelihood of provider denials.
- A few DHS local office **staff** suggested that it would be useful if BRIDGES could automatically update employment information in the child care eligibility system when it is entered for other benefits.
- Most DHS local office **staff**, **providers** and **parents** thought that all necessary forms need to be added to application packet to avoid delay.
- Many **providers** and **advocates** reported a need for more unlicensed provider training classes that are required to receive payments. A few DHS local office **staff** suggested that training should be available to approved eligible providers only.

- Most **parents**, DHS local office **staff** and **providers** suggested that communication between all parties needs to be improved and expectations/responsibilities clarified.

CORE PRINCIPLE: ACCESS TO HIGH QUALITY OPTIONS

Research Question 7: How could a new application process lead to a better understanding of child care options?

Responses:

- Many DHS local office **staff** indicated that a major barrier of high quality child care is the lack of programs that provide child care in the evening hours when many parents need care because that is when they are working.
- A few DHS local office **staff and** at least one **advocate** suggested increasing reimbursement rates for providers and lowered/tiered eligibility levels may be a way to address quality.
- Many **parents** indicated that cost is an important factor and that child care subsidy rates often do not cover enough of the cost of high quality center-based care.
- Almost all **parents and** DHS local office **staff** indicated that parents have a provider chosen before submitting their application. Therefore, parents rarely receive/rarely ask for additional information on child care options. Many DHS local office **staff** and a few **advocates** agreed that more parents would probably choose center-based care if they were aware of the ease of applying for center-based care.
- Many **parents** expressed confusion on the eligibility determination process and the calculations used to determine the amount of aid they receive.
- Some DHS local office **staff** indicated that on the occasion when parents request information on their child care options, they refer parents to the Great Start website or to the 2-1-1 number. Some DHS local office **staff** indicated confusion as to the most updated resources for parents.
- Almost all center-based **providers** felt that parents do not understand their reimbursement rates. Many **providers** expressed that they often provide budgeting assistance to those parents who do not understand that their child care is not fully reimbursed.

CONCLUSIONS

Convenience

The current application process is not viewed as convenient for clients or providers. Key reasons cited, across the focus groups were:

- **Processing Times:** For parents, typical application processing times (30-45 days) create a period of uncertainty, and disrupt efforts to obtain child care as a work support. For licensed providers, this period of uncertainty increases the risk they take on from a business perspective; providers often accept parents who have applied for child care, but are not yet approved.
- **Eligibility Process:** The sequence of steps for becoming eligible, from both the parent and unlicensed provider perspective, is tedious and unclear. Parents experience long wait times, confusing notices, and a revolving door of eligibility specialists, who are central to their application experience.
- **Benefit Information:** The parameters and administration of the benefit are difficult to understand for parents.
- **Provider Eligibility Process:** The process to become an unlicensed provider is also mysterious (though relatively simple), and the steps in the process are not always clear to unlicensed providers or parents.
- **Training Requirement:** Training requirements for unlicensed providers are unclear.

The parents who came to the focus groups indicated a personal need to witness crucial steps of the application process. They were afraid that if they did not actually see the DHS local office staff processing their information that their application would not be properly processed. Correspondence by mail was problematic because clients moved often and notices were difficult to understand.

In order to create a more customer-friendly and convenient application process, the state should focus on creating a process that:

- 1) Reduces the amount of time it takes to determine eligibility.
- 2) Provides real-time case status to clients and providers.
- 3) Makes parent eligibility, unlicensed provider eligibility, and identification of a child care less dependent upon one another.
- 4) Creates a more tiered system of eligibility that more gradually decreases benefits.

More generally, the steps in the application process and actual child care benefits needs to be clearer, and the process needs to be more consistently administered by the state.

Accountability

The process of determining CDC eligibility for both providers and parents is prone to unintentional error. A number of checks are built into the initial application process verifying basic program

requirements such as SSN and income for parents, or criminal background for providers. Intentional parent/provider program fraud exists largely after enrollment. Without a proper system of checks, balances, and “red-flag” referrals starting with eligibility specialists, addressing fraud or improper payments within the CDC program will likely continue to focus on large-scale investigations and recoupment by the Office of the Inspector General, CDC Central Reconciliation Unit and the CDC Case Review Unit rather than early detection and prevention. Staff workloads must allow the dedicated amount of time required to detect and prevent fraud and/or improper payments on a case by case basis.

Many common errors can be prevented by improving:

- 1. Communication**
- 2. Information Sharing**
- 3. Accountability of Staff Responsible for Processing Applications**

Communication materials can be improved by conveying program requirements in a manner that clearly delineates responsibility between providers and parents, and communicates information at an appropriate reading level.

Timeliness and Efficiency

The CDC eligibility process is not viewed as timely or efficient. For example:

- The current CDC eligibility process is linked to other work support programs through a single eligibility system. While this allows eligibility specialists to utilize information submitted for other programs, it makes the CDC program vulnerable to the timeliness of eligibility determination for other programs, as well as staff workloads.
- When clients apply for multiple benefits, eligibility specialists will routinely process CDC application last due to a culture that emphasizes the importance of work support programs over CDC.
 - This perspective, combined with the reality of workloads and the volume of unlicensed providers, frequently push eligibility determination beyond 45 days.
 - This extended period prevents some parents from taking a job or causes providers to preemptively enroll a child whose parents may be determined ineligible, resulting in lost wages.

There are many strategies for decreasing the time it takes to process client and provider eligibility, including:

- 1. Enhanced Technological Infrastructure** - Creating an online application, automating portions of BRIDGES, improving electronic communication and implementing electronic

document retention, are ways in which transactions can be processed faster and information stored/used better. These changes will require significant up-front investments in time and resources.

2. **Improved Communication** - Simple changes that improve communication channels between eligibility specialists, parents and providers are low cost/high yield investments. For example, a call representative receiving phone calls from parents or providers with questions about their case is a simple way to improve communication. In addition, clarifying roles and responsibilities between parents and providers when it comes to application/program requirements is one way to ensure applications are filled out properly and the correct verifications are submitted the first time.
3. **Policy changes** – Changes to CDC policy and program simplification can ease the process for parents and providers and reduce the time it takes to process an application.

Access to high quality options

- DHS local office staff members seldom provide information to parents about child care options during the application process.
- Most parents applying for child care subsidy usually choose their preferred provider prior to applying.

Strategies for improving parental access to high quality care options include:

1. New application materials could include updated information on high quality child care options, along with the implications of those choices.
2. Clear, simple descriptions and definitions of reimbursement rates should also be provided to parents to help them understand that subsidy dollars can be applied to high-quality child care programs.
3. Policy changes to make copayments more affordable for parents choosing the more costly, high quality licensed and registered child care options.